

**The Rock Building Society Limited**

**Dated: 21 November 2008**

**THE ROCK ASSIGNED INVESTMENT GRADE RATINGS BY STANDARD  
& POOR'S**

The Rock Building Society Limited (ASX: ROK) has been assigned 'BBB-/A-3' ratings with a stable outlook by Standard & Poor's, the world's foremost provider of financial market intelligence including independent credit ratings.

In assigning the ratings, Standard & Poor's noted that "The ratings on The Rock are underpinned by the building society's good asset quality and low credit-loss record, which is supported by a low-risk mortgage portfolio that is fully mortgage insured".

The Rock Building Society Managing Director Derek Lightfoot said the investment-grade rating, delivered after a thorough assessment process, was a significant achievement, particularly considering the turbulence in financial markets.

"The rating is a major element in the continuing development and growth of The Rock. It recognises the strength and security of The Rock and is good news for both customers and shareholders" Mr Lightfoot said.

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**For further information contact:**

**Derek Lightfoot**  
**Managing Director**  
**Ph: 07 49315519**

Or

**Marilyn Flynn**  
**Marketing Executive**  
**Ph: 0438 333 552**



## Press Release

### **Queensland's The Rock Building Society Ltd. Assigned 'BBB -/A-3' Ratings On Good Asset Quality; Outlook Stable**

Melbourne, Nov. 21, 2008—Standard & Poor's Ratings Services said today that it had assigned its 'BBB -/A-3' ratings to Queensland-based The Rock Building Society Ltd. The outlook is stable.

The ratings on The Rock are underpinned by the building society's good asset quality and low credit-loss record, which is supported by a low-risk mortgage portfolio that is fully mortgage-insured. Furthermore, The Rock's strong reputation and position in its home market of Rockhampton support the ratings. The building society adequately manages its liquidity risk by holding high-quality liquid assets of A\$67.5 million, supplemented by A\$500 million warehouse facilities (A\$113 million undrawn).

However, The Rock's concentrated business and funding profile, modest earnings profile by domestic standards, and small capital base moderate the ratings. Outside its home market, The Rock has a negligible presence in Australia from a systemic standpoint and is reliant on its local retail depositor base for funding purposes. Funding challenges also arise due to its dependence on securitization support from third-party commercial banking providers. Continued dislocation in wholesale funding and securitization markets could dampen The Rock's future profitability if it has to curtail growth due to lack of funding.

Despite current market volatility and potential for lower profitability, the stable outlook on the rating reflects our expectations that The Rock will be able to manage its funding and liquidity challenges over the medium term with adequate levels of high-quality liquid assets and sufficient headroom in wholesale funding facilities. The stable outlook is equally underpinned by Standard & Poor's expectation that asset quality will remain good, and that the building society will continue to incrementally develop its local franchise while expanding in a measured way outside its home region.

Upward ratings momentum over the medium term is not likely and The Rock is considered to have scope for consolidation at the rating level assigned. The ratings on The Rock are most likely to be lowered if continued challenges in the securitization markets and other funding avenues cause a deterioration in its business or financial profile. A downgrade might also occur if a withdrawal or material tempering of support from third-party funding providers, including its principal wholesale banking providers and mortgage insurers, is experienced.

#### **About Standard & Poor's**

Standard & Poor's, a division of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of financial market intelligence, including independent credit ratings, indices, risk evaluation, investment research and data. With approximately 8,500 employees, including wholly owned affiliates, located in 23 countries and markets, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for more than 140 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit <http://www.standardandpoors.com.au>.

#### **Media contact:**

Sharon Beach, Melbourne, (61) 3 9631 2152, [sharon\\_beach@standardandpoors.com](mailto:sharon_beach@standardandpoors.com)

#### **Primary Credit Analysts:**

Gavin Gunning, Financial Institutions Ratings, Melbourne, [gavin\\_gunning@standardandpoors.com](mailto:gavin_gunning@standardandpoors.com)