

7 October 2008

BankWest and St Andrew's sold to Commonwealth Bank

HBOS plc, through its wholly owned Australian subsidiary HBOS Australia, today announced the sale of BankWest and the St Andrew's wealth and insurance business to Commonwealth Bank of Australia for A\$2.5 billion, subject to appropriate regulatory approvals.

In addition to A\$2.1 billion (£1.0 billion) of cash consideration for the sale, HBOS will receive a return of excess capital in BankWest of approximately A\$360 million, together comprising A\$2.5 billion of proceeds.

HBOS Australia's corporate business, BOS International (Australia) Limited, and its asset finance company, Capital Finance Australia Ltd, will be retained by the Group. HBOS's Australian Treasury operation will also remain. Both BOSI and Capital Finance continue to make a significant profit contribution to HBOS Australia's operations.

Selling BankWest and St Andrew's will strengthen HBOS's capital position and reduce its funding obligations during a period of unprecedented volatility in global financial markets.

HBOSplc International Chief Executive Colin Matthew said BankWest and St Andrew's were great franchises which had grown and prospered under the stewardship of HBOS Australia Chief Executive David Willis and his leadership team.

"Our decision to sell the business was not taken lightly, nevertheless, the capital and funding benefits for us are significant," Mr Matthew said.

HBOS Australia Chairman Ian Mackenzie said the Board was proud of what HBOS Australia and its businesses had achieved.

Media Release



“The Commonwealth Bank is Australia’s leading bank and is reputable and solid, which is important in the current volatile and unsettled environment,” Mr Mackenzie said.

BankWest has a large deposit book and exposure to the strong Western Australian economy while St Andrew’s requires minimal funding.

HBOS Australia chief executive David Willis said BankWest had been regularly recognized for its award winning products and high customer satisfaction rates.

“Australia has been a success story for HBOS over the last five years and is testament to the hard work of more than 6,000 colleagues across the country,” Mr Willis said.

“The Group continues to trade profitably, perform strongly and extend its footprint, particularly on the east coast.”

“We expect there will be very little change for customers and they will be able to continue accessing BankWest and St Andrew’s products and services as usual.

“We will work with Commonwealth Bank to ensure the transition is as smooth as possible.”

Media enquiries:

Adam Connolly
Head of Corporate Affairs
HBOS Australia
0417 170 084

About HBOS Australia HBOS Australia Pty Ltd (HBOS Australia), part of HBOS plc, comprises four diverse financial services companies: Bank of Western Australia Ltd (BankWest); Capital Finance Australia Limited (Capital Finance); St Andrew’s Australia Pty Ltd (St Andrew’s); and BOS International (Australia) Ltd (BOS International). In addition, Bank of Scotland Treasury Australia is part of HBOS plc’s treasury, providing services to support the growth of HBOS Australia’s business and delivering treasury products and services to our customers. HBOS Australia has adopted a multi-brand strategy, which focuses the strengths and flexibility of five operating businesses on the diverse needs of our broad customer base, providing a complete suite of financial products and services. Our customer-facing businesses are supported by shared centres of cost effective excellence. The increasing national strength of our Australian brands supported by the global experience of HBOS plc sets us apart in this industry.